

BBH Investment Management Investment Stewardship Policy



At Brown Brothers Harriman Investment Management (BBH IM), we believe that initiating and maintaining consistent dialogue with issuers, based upon a foundation of diligent research and clear purpose, can be an important component of our bottom-up, research-driven investment process.

At the core of our investment process has always been an understanding that the path to generating attractive long-term investment returns is, first and foremost, to reduce the likelihood of a permanent loss. Communication with issuers or potential issuers provides our investment teams with greater insight into an issuer's strategy, competitive positioning and durability, and informs our understanding of the resiliency of its cashflows. Our investment teams gain a better grasp of how the risks and opportunities associated with an investment are managed and, if necessary, can elicit accounting for them, including those related to Environmental, Social and Governance (ESG) matters. Through our research on issuers and sectors, as well as our continual efforts to monitor social dynamics, scientific developments, market trends and the regulatory environment, we continue to evolve our knowledge of how well material ESG risks and opportunities are being addressed. Each portfolio management team may develop separate procedures under this policy to assist in addressing material ESG factors that may be unique to each strategy and client mandate.

INVESTMENT STEWARDSHIP APPROACH

The purpose of responsible investment at BBH IM is, primarily, to further our mission to preserve and grow our clients' capital across economic and market cycles. We believe Investment Stewardship can serve as an effective mechanism in our investment process to manage material risks and inform our conviction on the durability of assets for the long-term.

ENGAGEMENT

As part of our interactions with equity and fixed income issuers, we share BBH IM's investment philosophy and approach to managing material ESG risks, whether these stem from environmental risks, shifting regulatory frameworks, changes in technology or in market preferences, reputational risks, or from misalignment of interests between issuers and its stakeholders. As good stewards and fiduciaries of our clients' capital, we balance the costs and benefits from engaging.

We encourage issuers to improve transparency and implement risk management best practices when taking into consideration any identified and financially relevant ESG risk or opportunity. When engaging with issuers, our investment teams encourage integrity and proactive disclosure of ESG-related policies, programs and performance data, which in turn helps us evaluate whether material ESG-risks are appropriately managed. Engagement can take place throughout the lifecycle of an investment, from initial due diligence to ongoing monitoring and exit. When we engage with issuers and other stakeholders, we memorialize these activities as part of our ESG Program documentation.

Engagement Methods

Our engagement approach is generally applied through direct communications that emerge as part of our bottom-up, case-by-case basis style, but we may seek coordinated engagements when we believe it is appropriate. To this end, we can potentially work with like-minded organizations within the investment community to help coordinate engagement activity. We deem collaborative engagement as particularly suitable for strategic, cross-cutting issues in markets, such as regulatory reforms, climate change risks, natural capital loss and human capital development.

Engagement Process

Our engagement process is focused on material risk factors, which help us avoid ESG blind spots and reduce distracting ESG noise. Through our research, we may identify material risks that we plan to engage and discuss with issuers or other relevant stakeholders. When engagement opportunities exist, we do these with a constructive,

incremental and pragmatic objective framed within a business, shareholder or creditor purpose. We may communicate our engagements and the outcomes of these efforts to internal and external stakeholders.

From the results of our interactions with issuers, we enhance in an iterative way our engagement process and, more importantly, our consideration of the present and future material investment risks and mitigants. Successful engagements contribute to our conviction on the resiliency of issuers for the long-term. In this sense, we acknowledge that engagement results require persistence on achieving incremental changes in the short and medium terms towards a meaningful evolution over time.

Our main goal when engaging issuers is to enhance communication, improve knowledge, strengthen relationships and focus on material risks to our investment thesis. If our engagement attempts do not ameliorate identified material risks, we might consider escalating our concerns, depending on the asset class, by contacting the Board, abstaining from votes or voting against Management, reducing allocation exposure or avoiding participation in new issuance by an issuer. If the cost of engagements or escalations exceeds the benefit that we expect from them, we might consider exiting that investment.

PROXY VOTING

We commit the necessary time and resources towards ultimately making our own informed decisions on exercising shareholder rights. This includes taking ESG factors into consideration when voting. While we have appointed Glass Lewis as our proxy advisory firm and its recommendations provide a valuable base of information and benchmarking, our Portfolio Managers and Analysts always have an independent perspective. Our practice is to consider each proxy vote on a case-by-case basis. If an Analyst disagrees with a Glass Lewis' recommendation, a written rationale is required and a Portfolio Manager must approve the decision.

We maintain a record of proxy votes and, on an annual basis, a summary report is presented to the Investment Management Oversight Committee (IMOC), the most senior governing body in BBH IM, for review. In addition, BBH IM's ESG Oversight Committee (ESG OC) is responsible for reviewing on an ongoing basis Investment Stewardship practice, including proxy voting. For additional information, see the BBH IM Proxy Voting Policy.

CONFLICTS OF INTEREST

We pay particular attention to possible, perceived or actual conflicts of interest when conducting Investment Stewardship activities, and we proactively address and disclose them. These conflicts can arise when we, either as a firm, individual Portfolio Managers or Analysts, have business, professional or personal relations with the issuers with whom we engage. Conflicts can also occur when the interests of our clients or beneficiaries diverge from each other. Our procedures help identify and mitigate these circumstances, and include the following measures:

- Our engagement processes and voting rights are performed and exercised, respectively, in line with our mission to preserve and grow our clients' capital across economic and market cycles;
- We have established a Risk Sub-Committee as part of IMOC to supervise conflicts of interests. This Sub-Committee is led by a Conflicts Officer that focuses on the identification and resolution of conflicts. At IMOC and ESG OC, we conduct reviews of our proxy voting and engagement activities on a regular basis;
- IMOC's Risk Sub-Committee comprehensively maps potential conflicts of interest, corresponding means of mitigation, and reviews them periodically. The Risk Sub-Committee allows escalation procedures involving top management, including to the BBH Partner responsible for BBH IM.

RISKS

A less favorable ESG profile may not preclude the Adviser from investing in an issuer, as the consideration of ESG factors is not more influential than the consideration of other investment criteria. Considering ESG factors as part of investment decisions may result in forgoing otherwise attractive opportunities, which may result in lower performance when compared to advisers that do not consider ESG factors.

Investors should be able to withstand short-term fluctuations in the equity markets and fixed income markets in return for potentially higher returns over the long term. The value of portfolios changes every day and can be affected by changes in interest rates, general market conditions and other political, social, and economic developments.

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NO BANK GUARANTEE

MAY LOSE VALUE

IM-13689-2023-11-01

Expiration Date: 12/31/2024